

# The Washington Post

## D.C., Md. and Va. to get \$207 million to operate high-risk insurance pools

By Darryl Fears  
Washington Post Staff Writer  
Thursday, July 1, 2010; B01

The Obama administration will allocate \$207 million to the District, Maryland and Virginia on Thursday to fund insurance pools for people who have been denied affordable medical coverage because of preexisting health problems.

The money is part of a \$5 billion federal effort to cover Americans with serious medical conditions who have been uninsured for at least six months. The temporary high-risk insurance pools are among the first programs to operate under the [health-care law](#) signed in March and are the subject of significant partisan fighting on Capitol Hill.

Maryland is expected to receive \$85 million to operate a high-risk pool, according to a U.S. Department of Health and Human Services [fact sheet](#). Virginia is slated to get \$113 million, and the District, \$9 million. Republicans have said the pools are too expensive, citing a report by the nonpartisan Congressional Budget Office that said the cost of operating them could balloon an additional \$5 billion to \$10 billion should federal officials decide to expand the \$5 billion pot before the program ends in 2014.

The Obama administration said the pools are needed to cover hundreds of thousands of people with preexisting conditions related to diseases such as cancer and arthritis and who are commonly denied insurance. The administration said the program will offer proof that the health-care reform plan will work when it begins in 2014.

Maryland is one of 29 states that submitted proposals to Health and Human Services several months ago, and it plans to start operating its program immediately. Officials project they will be able to serve about 3,500 Maryland residents. Applications will be available Thursday in states where the federal government will operate the pools, including Virginia.

The Web site [www.healthcare.gov](http://www.healthcare.gov) tells how the program will work in each state.

"We're aiming for September 1" to accept the first enrollments through CareFirst Blue Cross Blue Shield, said Rex Cowdry, executive director of the Maryland Health Care Commission. Cowdry said the state's proposal to operate a pool is expected to be signed this week.

Virginia is one of 21 states that chose not to operate a pool, opting instead to allow the federal government to run it. The Virginia General Assembly passed a law prohibiting the reform law's "individual mandate" requiring residents to purchase coverage, saying it infringes on state

statutes. Virginia Attorney General [Ken Cuccinelli II](#) (R), who is [suing the federal government](#) over the law, will be in federal court in Richmond on Thursday to argue the state's case. The Obama administration will argue that the lawsuit is frivolous and should be dismissed.

The District plans to join Maryland and other states in operating a pool for about 600 eligible residents after the Department of Health Care Finance negotiates a coverage plan with CareFirst and at least one other insurance company. A spokesman for CareFirst said the insurer was asked by the department to develop a proposal June 15 and return it by mid-July, about two weeks past the federal start date.

"We are now developing our response and expect to submit it in . . . the timeline discussed," the spokesman, Kevin Kane, wrote in an e-mail. District officials said a pool could start in late summer.

Maryland is one of 35 states that already offer high-risk pools for people who have been denied coverage, according to a Web site operated by the federal Department of Health and Human Services. The site, [HealthReform.gov](#), cited a study that said only 8 percent of the uninsured enroll in high-risk pools, mostly because of high premiums.

State pools often limit enrollment to control costs. One state high-risk pool has been closed to new beneficiaries since 1991, the [HHS Web site](#) says.

"Maryland was facing the possibility in the next 18 months of having to close enrollment in our state plan," in which nearly 20,000 people are enrolled, Cowdry said. The new pool "will take pressure off the state plan and allow us to enroll people in the federal plans.

"We have to manage enrollment in the federal part of the program so that we don't exceed our allocation," as critics project, Cowdry said. "We have a lot of experience in running the program."

Maryland residents who enroll in the federal program will have an annual deductible of \$1,500, state officials said. Premiums will range from \$141 a month for individuals under 30, to \$354 per month for residents 65 and older. Nationwide, premiums will range from about \$140 to \$900 a month.

The federal rates are market value, an improvement on the state Maryland Health Insurance Plan (MHIP), which charges up to 150 percent more than market value, state officials said.

But the federal plan has limits, Maryland officials said: a \$100,000 annual limit on pharmacy claims and a \$2 million maximum limit on all medical claims over the course of the program. They said they do not expect enrollees to reach the limit, but those who do will be dropped from the plan.

Residents enrolled in MHIP are not eligible for the federal program.

About 22 percent of residents of the [District, Maryland and Virginia](#) younger than 65 have a preexisting condition that can cause them to be rejected by insurance companies or forced to pay high insurance premiums, according to Families USA, a nonprofit consumer advocacy group.

Nationwide, the group estimates that 57 million Americans in that age group have a preexisting condition. Some conditions are linked to chronic problems caused by cancer and heart disease, and others are common ailments such as arthritis, depression, obesity and pregnancy.

Maryland has about 1 million residents younger than 65 with preexisting conditions, Virginia has about 1.4 million and the District about 114,000.